

Calculation of Fee Percentage – Notes

Based on the circumstances of each agreement and/or supplement, each of the factors listed below shall be weighted .17 to .35. The value shall be obtained by multiplying the rate by the weight (see the consultant fee calculations.xlsx sheet). The value column, when totaled, indicates the fair and reasonable fixed fee and/or profit percentage of direct (raw) labor costs for the agreement and/or supplement.

Degree of Risk (25)

Where the design involves no risk, or the degree of risk is very small, the weighting should be .17; as the degree of risk increases, the weighting should be increased up to a maximum of .35. Agreements with options will have, generally, a higher weighted value than agreements without options for which quantities are provided. Other things to consider: nature of the design, responsibility for design, reasonableness of negotiated costs, amount and type of labor included in costs, amount of executive management/principal time required.

Relative Difficulty of Design (20)

If the design is most difficult and complex, the weighting should be .35 and should be proportionally reduced to .17 on the simplest of jobs. This factor is tied in, to some extent, with the degree of risk. Some things to consider: the nature of the design; what is the time schedule; etc., and whether it is rehabilitation or new work.

Size of Job (15)

All agreement (estimated) total costs less than \$100,000 shall be weighted at .35. The fixed fee percentage should be proportionately weighted for those projects between \$100,000 and \$5,000,000 from .34 to .21. Agreements from \$5,000,000 to \$10,000,000 may be proportionately weighted from .21 to .17, and work in excess of \$10,000,000 at .17.

Period of Performance (15)

Agreements and/or supplements that are 24 months or longer are to be weighted at .35. Agreements and/or supplements of lesser duration are to be proportionately weighted to a minimum of .17 for work less than 2 months.

Assistance by the State (15)

To be weighted from .35 in those situations where few items are provided by the state to .17 in those situations where the state provides many items. Things to consider: existing or provided design or plans, mapping, quantities, surveys, geotechnical information, etc.

Subconsulting (10)

To be weighted in proportion to the amount of subconsulting. Where 40% (40 percent) or more of the design is to be done by subconsultants, the weighting is to be .35. The weighting is proportionally decreased to .17 where all the design is performed by the consultant's own forces.

Note: If the Federal Highway Administration (FHWA) funds the project, the allowable fixed fee / profit percentage may not exceed 15% of direct labor plus overhead costs. In addition, the fixed fee / profit percentage may not exceed 35% of direct labor costs only.